

## Message Text

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PAGE 01    WARSAW 05646 121417Z  
ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 EB-08 /025 W  
-----122189 130514Z /10  
R 121256Z AUG 77  
FM AMEMBASSY WARSAW  
TO SECSTATE WASHDC 9700

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EO 11652N/A  
TAGS: EGEN, PL  
SUBJ: EXIM FINANCING FOR POLAND

REF: STATE 183390

1. WE ARE GLAD THAT DAVIS INTERNATIONAL AND BANK HANDLOWY OFFICIALS HAVE BEEN IN TOUCH WITH EXIM ON FINANCING FOR THE FROZEN FOOD PROCESSING PLANTS TO BE PURCHASED FOR HORTEX, THE POLISH FIRM RESPONSIBLE FOR PROCESSING OF FROZEN FRUITS AND VEGETABLES FOR EXPORT. WE UNDERSTAND THAT THE GOP WANTS TO CONTRACT FOR AT LEAST THREE FREEZING FACILITIES THIS YEAR SO THAT ADDITIONAL CAPACITY WILL BE IN OPERATION FOR PROCESSING THE NEXT STRAWBERRY CROP IN JUNE 1978. A DECISION ON THIS PROJECT HAS BEEN EXPECTED FOR SOME MONTHS. THE DELAY, WHICH MAY ENDANGER REALIZATION OF THE JUNE PRODUCTION TARGET, HAS BEEN CAUSED BY THE STRENGTH AND COMPLEXITY OF COMPETITIVE BIDS ON THESE PLANTS. IN ADDITION TO THE CONSORTIUM PUT TOGETHER BY DAVIS INTERNATIONAL, THE EPSTEIN COMPANIES, INC., AN ITALIAN COMPANY WITH PREVIOUS EXPERIENCE IN POLAND, AND AT LEAST ONE OTHER WESTERN EUROPEAN FIRM ARE IN THE FINAL RUNNING FOR THIS CONTRACT. EACH OF THESE BIDS INVOLVES COMPLICATED FORMULAS TO REDUCE HARD CURRENCY COSTS TO THE POLES BY EMPLOYING POLISH LABOR AND MATERIALS IN CONSTRUCTION. SOME MAKE PROVISION FOR PARTIAL PAYMENT IN ZLOTIES AND SOME (PAR-

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TICULARLY THAT OF DAVIS) INVOLVE COUNTERPURCHASE OR CO-PRODUCTION OF EQUIPMENT FOR EXPORT TO THIRD COUNTRIES. WE HAVE BEEN TOLD THAT THE ITALIAN FIRM HAS SUBMITTED A CURRENCY RATE BID ON WHICH IT WOULD PROBABLY LOSE MONEY AND THAT CREDIT WOULD BE AVAILABLE UNDER AN OUTSTANDING LINE FROM THE ITALIAN GOVERNMENT.

2. THESE THREE FREEZING PLANTS ARE TO BE THE START OF A LARGER EXPANSION TO BE CARRIED OUT IN THE NEXT THREE YEARS. THIS WOULD BE IN ACCORD WITH THE 5-YEAR PLAN, WHICH GIVES PRIORITY TO INVESTMENTS IN THE FOOD-PROCESSING SECTOR AND WITH POLAND'S NEED TO GENERATE LARGER HARD-CURRENCY EXPORTS OF FOOD PRODUCTS. THE POTENTIAL FOR US EXPORTS IS THEREFORE SUBSTANTIAL. ALTHOUGH POLIS EQUIPMENT AND MATERIAL WILL BE USED WHERE POSSIBLE, HIGH-COST COMPONENTS SUCH AS COMPRESSORS WILL INEVITABLY BE IMPORTED. IF THIS CONTRACT ALLOWS CO-PRODUCTION FOR EXPORT OF FREEZING FACILITIES TO THIRD COUNTRIES, AS DAVIS HOPES, THE EXPORT POTENTIAL FROM THE US WOULD BE EVEN HIGHER.

3. THE AMBASSADOR WROTE TO MINISTER OF FOREIGN TRADE JERZY OLSZEWSKI ON JULY 28 TO EXPRESS OUR KEEN INTEREST IN SEEING THE CONTRACT AWARDED TO AN AMERICAN COMPANY. WE HAVE MADE THIS SAME POINT TO OTHER OFFICIALS AT THE MINISTRY OF FOREIGN TRADE AND AT POLIMEX-CEKOP.

4. WE HOPE EXIM WILL BE ABLE TO TAKE FAVORABLE ACTION ON APPLICATION FOR FINANCING OF EXPORTS UNDER CONTRACTS CONCLUDED BY INGERSOLL MILLING AND THE GLEASON CO. DECONTROL UPON RECEIPT.  
DAVIES

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
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